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November 21, 2005

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> floor  
Boston, MA 02202

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed please find Bay State Gas Company's Motion for Certain Post Order Billing Authority.

The Company will file shortly with the Department and all parties a proposed billing notice to customers to be used should the Motion be granted.

Very truly yours,

Robert L. Dewees, Jr.

cc: Caroline O'Brien Bulger, Esq., Hearing Officer  
A. John Sullivan (7 copies)  
Andreas Thanos, Assistant Director, Gas Division  
Alexander Cochis, Assistant Attorney General (4 copies)  
Paul R. Osborne, Assistant Director, Rates & Revenue Requirements Division  
Andrew O. Kaplan, General Counsel  
Service List

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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BAY STATE GAS COMPANY  
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**D.T.E. 05-27**

**MOTION OF BAY STATE GAS COMPANY  
FOR CERTAIN POST ORDER BILLING AUTHORITY**

Pursuant to G.L. c. 164, § 94 and 220 C.M.R. § 1.04(5), Bay State Gas Company (“Bay State” or the “Company”) requests that the Department of Telecommunications and Energy (the “Department”) grant it certain authority with respect to billing its customers after the Department’s order in this proceeding is issued to avoid the necessity for Bay Sate to hold, or interrupt sending, bills to its customers until the compliance filing is approved by the Department.

Specifically, Bay State requests that immediately after the Department’s order is issued, which is expected to be on or before November 30, 2005, the Company be permitted to continue to bill its customers according to the schedule of their regular billing cycles for consumption on or after the date of the order at temporary base rates equivalent to the base rates in effect prior to the date of the order until the Department has reviewed and approved Bay State’s compliance filing. Once the compliance filing is approved, Bay State would begin billing customers according to their regular billing cycles for consumption on or after the date of the order at the new permanent rates approved by the Department. For those customers who were temporarily billed for consumption after the date of the order at the level of prior base rates, their bills would

be adjusted for the difference between the temporary rates and the new permanent rates, without interest being applied, in their next regular billing cycle commencing in January 2006.

When the Department issues an order in a base rate proceeding for a gas or electric company, the order typically provides that the new rates shall apply to gas or electricity consumed on or after the date of the order, but unless otherwise ordered by the Department, shall not become effective earlier than seven (7) days after they are filed with supporting data demonstrating that such rates comply with the order. Often a utility requires several days to prepare its compliance filing, and the Department must then review the filing and approve the new rates. This process can take two weeks or longer. During this period it is often the practice for a utility to interrupt the normal customer billing cycles and hold the bills that otherwise would be sent to customers. In this proceeding, given the large number of issues that have been raised and the number of parties, a significant period of time may be required to approve the compliance filing.

Bay State bills a portion of its customers each day of the month as meters are read, bills are prepared and then mailed to customers by the U.S. mail or electronically. Bay State's customers have come to rely on the timing of the receipt of their natural gas bills in order to monitor their energy consumption and monthly expenses and plan accordingly. This is particularly important during the winter heating season when heating bills can be among the largest monthly bills customers receive.

This year, for reasons beyond Bay State's control, including the Hurricanes Rita and Katrina, commodity costs for natural gas are at record highs. Bills rendered to Bay State's customers in December and January will be significantly larger than their recent bills and bills

rendered for the same months in past years as a result of the high commodity costs for winter consumption.

The Department has recently conducted public hearings throughout the Commonwealth to inform customers about the reasons for increased gas commodity costs and to provide customers with information on managing their winter heating bills. Bay State Gas Company, D.T.E. 05-GAF-01. Many customers are now aware that, because of the Department's hearings and press reports, the cost of the natural gas commodity has increased dramatically. In addition, Bay State has undertaken a comprehensive customer education campaign to help mitigate the impact of high gas commodity costs. As a result, many customers will be checking their daily mail on the dates their gas bills are normally expected to arrive as part of managing their home heating expenses.

If Bay State holds customer bills until its compliance filing is approved, a large segment of Bay State's customers, those who normally receive bills in early to mid December, will not receive their bills until the middle of the month, or later. Moreover, they will receive another bill shortly thereafter as the billing cycles for January 2006 begin. Since both the December and January bills will reflect winter heating gas consumption at winter base and cost of gas rates, the latter at an unprecedented high level due to the high gas commodity costs, customers will receive back to back high gas bills, only a couple of weeks apart. The timing of these high bills will also be difficult for Bay State customers as many of them will receive a natural gas bill immediately before the holiday season and then again shortly thereafter. This will without doubt confuse customers (who will not understand why the Company must hold bills) and likely cause financial hardship and other difficulties for customers, prompting calls and complaints to the Department, social service agencies that are involved with utility bill payments and the Company. Bay

State's service territory includes three of the most economically challenged communities in the Commonwealth: Brockton, Springfield and Lawrence. Holding bills will only further exacerbate the difficulties faced by customers in these communities.

In light of these circumstances, Bay State seeks authority from the Department to continue issuing bills on its schedule of regular billing cycles using temporary base rates set at the level of prior base rates until the compliance filing is approved. When the compliance filing is approved, Bay State will begin billing consumption on or after the date of the order at the new permanent rates. Bay State also seeks authority to recover the difference, without interest, between the temporary rates and the new permanent rates from those customers who received bills for usage after November 30 at the temporary rates, by adjusting their bills in their next regular billing cycle commencing in January 2006. Bay State estimates that for the customers affected, the adjustment would likely be in the range of 1-2% of a customer's total bill. Therefore, Bay State's proposal would permit all customers to receive, review and pay at least 98% of their natural gas bills on a timely basis without interruption of the customers' normal billing cycles. Bay State would propose to provide a bill message to customers immediately after the Department's order is issued to explain this procedure and that an adjustment would be made to bills in the next regular billing cycle for those customers affected.<sup>1</sup>

In conclusion, Bay State proposes that the Department permit Bay State's to bill customers at base rates set at the level of prior base rates to remain in effect temporarily until the Department approves the Company's compliance filing, and that customer bills for which

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<sup>1</sup> Bay State's proposal would not violate the general prohibition against the retroactive ratemaking. That prohibition applies only to rates which have been fixed as final by the Department. The prohibition does not apply when rates have been approved on an interim or temporary basis and customers have been put on notice that such rates are temporary and will be subject to a future adjustment. Boston Gas Company, D.T.E. 96-50-D (January 16, 2001) pp. 8-10; see also Boston Edison Company, D.T.E. 04-113-A, June 30, 2005, pp. 8-9.

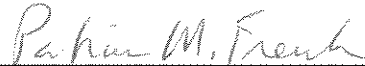
temporary rates were applied be adjusted for the difference between the temporary and new permanent rates in the next regular billing cycle beginning in January 2006.

WHEREFORE, based on the foregoing, Bay State requests that the Department approve this Motion for post order billing authority.

Respectfully submitted,

BAY STATE GAS COMPANY

By its Attorneys,



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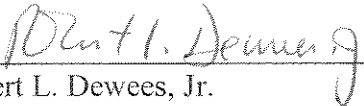
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Dated: November 21, 2005

# CERTIFICATION

I certify that I served today a copy of the attached Motion of Bay State Gas Company for Certain Post Order Billing Authority by hand delivery, first class mail postage prepaid or electronically on the Department of Telecommunications and Energy and all parties on the service list on file with the Secretary of the Department of Telecommunications and Energy for this proceeding.

Dated at Boston, Massachusetts this 21<sup>st</sup> day of November, 2005

  
Robert L. Dewees, Jr.